

**Zacchi, Catherine M**

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**Subject:** FW: Oz 2  
**Attachments:** West Virginia Zone e-letter.docx

**From:** Zacchi, Catherine M  
**Sent:** Wednesday, March 21, 2018 12:43 PM  
**To:** Ferrell, Jordan H <Jordan.H.Ferrell@wv.gov>  
**Subject:** RE: Oz 2

Recalled first message to tweak the letter. Ran into Wes who clarified the in-state deadline



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(304) 957-9340 | [catherine.m.zacchi@wv.gov](mailto:catherine.m.zacchi@wv.gov)

**From:** Zacchi, Catherine M  
**Sent:** Wednesday, March 21, 2018 12:21 PM  
**To:** Ferrell, Jordan H <[Jordan.H.Ferrell@wv.gov](mailto:Jordan.H.Ferrell@wv.gov)>  
**Subject:** RE: Oz

Jordan

Attached is the proposed revision of the letter, saved on shared drive [5:\Projects18\DEVO\DEVO\18-DEVO-1000-C Media Relations&Writing\Opportunity Zone eletter](#)

- If April 20 is the state's new deadline to submit entries, what is the deadline for areas to submit their applications to the state?
- I've written the letter as if the bid for action is don't delay, submit your proposal today. If it should be something else, let me know.
- If it's an email letter, who will it be from?



Catherine M. Zacchi  
COMMUNICATIONS SPECIALIST  
Office of Marketing & Communications

Email letter rev

Subject: Good News -- West Virginia gets Opportunity Zone deadline extension

We asked our West Virginia communities to send us your applications for the new Opportunity Zone initiative — and you did, in prodigious numbers! The response has been so enthusiastic that we asked for — and have been granted — a *one-time-only* 30-day extension.

The new deadline for the State of West Virginia to submit nominations is April 20, 2018. That means your deadline to submit any outstanding proposals or documents to us is **April 6, 2018**.

If you want your area to be considered for an Opportunity Zone, submit your proposal online. Details about the Opportunity Zone program and the Public Proposal Application are available at [www.westvirginia.gov](http://www.westvirginia.gov).

Here's a quick recap of how the Opportunity Zone works:

- Part of the 2017 Tax Cuts and Jobs Act, the program gives each governor the authority to designate low-income areas in his or her state as "Opportunity Zones."
- The areas are eligible to receive private investments through Opportunity Funds.
- Businesses in the area get a much-needed infusion of capital.
- In return, the investors get tax incentives

This innovative new community development project will provide significant inducements for equity capital investments in low-income neighborhoods across the country. Congress empowered governors to nominate Opportunity Zones in their states by using up to 25 percent of their Low-Income Community census tracts.

The Federal statute set March 21 as the deadline to receive nominations from the states but allowed for a one-time 30-day extension to be requested and approved. West Virginia asked for it. And we got it. We will use this time wisely to select up to the maximum eligible tracts.

Even with the extension, time is ticking away. If you have questions or a proposal still waiting to be submitted, act now. With your help and the investment incentives program, our communities can change from disadvantaged areas to zones of opportunity.

**Zacchi, Catherine M**

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**Subject:** FW: Oz  
**Attachments:** OZ update about 30 day extension.docx

**From:** Ferrell, Jordan H <Jordan.H.Ferrell@wv.gov>  
**Sent:** Wednesday, March 21, 2018 10:38 AM  
**To:** Zacchi, Catherine M <Catherine.M.Zacchi@wv.gov>  
**Subject:** FW: Oz

See Kris's request of Wes, below.

Wes send the attached draft. Would you mind reviewing, editing, making more enthusiastic, etc. and then send back to me for review?

Thank you!



**Jordan H. Ferrell, Director of Accounts & Client Relations**  
Office of Marketing & Communications  
West Virginia Department of Commerce  
1900 Kanawha Blvd. E.  
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O: (304) 957-9320 | C: (304) 692-5982 | [Jordan.H.Ferrell@wv.gov](mailto:Jordan.H.Ferrell@wv.gov)




**From:** White, Wesley H  
**Sent:** Wednesday, March 21, 2018 10:34 AM  
**To:** Ferrell, Jordan H <[Jordan.H.Ferrell@wv.gov](mailto:Jordan.H.Ferrell@wv.gov)>  
**Subject:** FW: Oz

Jordan,

Kris wanted us to send out an update on Opportunity Zones. He wanted an enthusiastic letter....I drafted a letter but I don't know how enthusiastic it is. Can you take a look? Thanks.

**Wesley H White Esq.**  
**Deputy General Counsel**  
West Virginia Development Office  
1900 Kanawha Boulevard East  
Building 3, Suite 600  
Charleston, WV 25305

(304) 558-2234 Office  
(304) 541-8102 Cell  
[Wesley.H.White@wv.gov](mailto:Wesley.H.White@wv.gov)

[WestVirginia.gov](http://WestVirginia.gov)   



**WEST VIRGINIA**  
DEPARTMENT of COMMERCE

**From:** Hopkins, Kris N  
**Sent:** Tuesday, March 20, 2018 5:01 PM  
**To:** White, Wesley H <[Wesley.H.White@wv.gov](mailto:Wesley.H.White@wv.gov)>  
**Subject:** Oz

Tomorrow, Can you please orchestrate an email to all applicants and the list you used before to communicate that we have pursued the 30 day extension and it was granted. You can make it sound enthusiastic that we received so many applicants and we may see additional guidance from treasury that will inform our decision making.  
Thanks Wes.

Sent from a mobile device

KRISTOPHER N. HOPKINS  
Executive Director  
West Virginia Development Office  
West Virginia Department of Commerce  
(304) 558-2234 | [Kris.n.hopkins@wv.gov](mailto:Kris.n.hopkins@wv.gov)

The West Virginia Department of Commerce would like to update you on the Federal Opportunity Zone initiative. The Opportunity Zones initiative, recently established by Congress in the Tax Cuts and Jobs Act is an innovative new community development policy intended to provide significant incentives for equity capital investments in low-income neighborhoods across the country. Congress empowered governors to nominate Opportunity Zones in their states by using up to 25 percent of their Low-Income Community census tracts. The Federal statute imposed a deadline for the nominations of 90 days from its December 22, 2017 enactment unless a one-time 30-day extension was requested and approved. The original deadline was March 21, 2018.

However, the State of West Virginia is proud to announce it received such a large number of Opportunity Zone Proposals that it requested and was approved for the one-time 30-day extension. The new deadline for the State of West Virginia to submit nominations has been extended to April 20, 2018. This time will be wisely used to select up to the maximum eligible tracts. Also, in this time, we may see additional guidance from the U.S. Department of the Treasury.

<http://eig.org/opportunityzones>

## Opportunity Zones

A new national community investment program that connects private capital with low-income communities across America

Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones designated by the chief executives of every U.S. state and territory. Read more below about how the Opportunity Zones program works, as well as its history and community of supporters.

**WHAT ARE OPPORTUNITY ZONES?** This program uses low-income community census tracts as the basis for determining areas eligible for Opportunity Zone designation. The chief executives of every U.S. state and territory have 90-120 days from December 22, 2017 to designate up to 25 percent of the total number of low-income census tracts in a state as Opportunity Zones.

Treasury has published procedures for nominating qualified opportunity zones and a mapping tool with eligible census tracts. Explore the map below (or click here) to see which communities are eligible:

Eligible for Opportunity Zone allocation based on low income community criteria

Eligible for Opportunity Zone allocation based on contiguity with low income community tracts

Not eligible for Opportunity Zone allocation based on low income community criteria

Insufficient data

**WHAT ARE OPPORTUNITY FUNDS?** Opportunity Funds are private sector investment vehicles that invest at least 90 percent of their capital in Opportunity Zones. U.S. investors currently hold trillions of dollars in unrealized capital gains in stocks and mutual funds alone—a significant untapped resource for economic development. Opportunity Funds provide investors the chance to put that money to work rebuilding the nation's left-behind communities. The fund model will enable a broad array of investors to pool their resources in Opportunity Zones, increasing the scale of investments going to underserved areas.

**WHAT ARE THE INCENTIVES THAT ENCOURAGE LONG-TERM INVESTMENT IN LOW INCOME COMMUNITIES?** The Opportunity Zones program offers investors the following incentives for putting their capital to work in low-income communities:

- A **temporary tax deferral** for capital gains reinvested in an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is sold or December 31, 2026.
- A **step-up in basis** for capital gains reinvested in an Opportunity Fund. The basis of the original investment is increased by 10% if the investment in the qualified opportunity zone fund is held by the taxpayer for at least 5 years, and by an additional 5% if held for at least 7 years, excluding up to 15% of the original gain from taxation.
- A **permanent exclusion from taxable income of capital gains** from the sale or exchange of an investment in a qualified opportunity zone fund, if the investment is held for at least 10 years. (Note: this exclusion applies to the gains accrued from an investment in an Opportunity Fund, not the original gains).

### **Join the Effort**

EIG is in the process of organizing a broad coalition of organizations working together to ensure successful implementation of the Opportunity Zones program. If you are interested in learning more or becoming a part of the coalition, please contact [info@eig.org](mailto:info@eig.org).

<http://westvirginia.gov/opportunity-zones.html>

## **West Virginia: Opportunity Zones Program**

Enacted as part of the 2017 tax reform package (Tax Cuts and Jobs Act), the Opportunity Zones Program gives each state's Governor the authority to designate "Opportunity Zones" or areas of populations that are eligible to receive private investments through Opportunity Funds. The program is designed to drive long lasting investments into rural and low-income urban communities in every U.S. state and territory.

### **Opportunity Zones**

- Governors can determine up to 25 percent of the total number of eligible areas to be designated as Opportunity Zones.
- Low-income census tracts are used to determine eligible areas within each state. Low-income census tracts are places where the individual poverty rate is at least 20 percent or median family income is no greater than 80 percent of the area median.
- Up to 5 percent of these population areas that are not low-income communities can qualify under an exemption if the median family income of the tract does not exceed 125 percent of the median family income of the low-income community contiguous with the tract.

[View Maps and Census Tracts](#)

### **Opportunity Funds**

Opportunity Funds are investment vehicles organized as corporations or partnerships to foster investments into Opportunities Zones holding at least 90% of its assets in designated Opportunity Zones.

Investors who are interested in investing in a potential opportunity zone may submit letters of interest.

Sample letters:

- [Letter of Interest: Fund manager](#)
- [Letter of Interest: Investor](#)

Please submit letters of interest to [Patricia.J.White@wv.gov](mailto:Patricia.J.White@wv.gov).

### **How will the Opportunity Zone Program help West Virginia?**

The Opportunity Zone Program will drive much needed capital into our state's struggling communities.

### **What is the timeline for determining the Opportunity Zones?**

- Governors have until March 21, 2018 to submit their Opportunity Zone designations to the U.S. Treasury Department or request a 30-day extension.
- Once approved, Opportunity Zone designations remain in place for ten years and cannot be modified after initial designation.



**How will the Governor decide which zones to nominate?**

Under the direction of Governor Jim Justice, the WV Department of Commerce will research and make recommendations on which areas in the state of West Virginia should be nominated as Opportunity Zones.

**Awareness/Education**

The West Virginia Department of Commerce has created this webpage to keep the public informed of the Opportunity Zone recommendation process.

**Data Analysis/Impact**

The West Virginia Department of Commerce is seeking proposals from municipalities and counties. Commerce will use a data driven process to evaluate eligible census tracts. Additionally, Commerce is working with the Federal Reserve, Community Development Financial Institutions, local banks, investors and developers to identify potential projects that could be attractive to Opportunity Funds and investors.

**Public Proposal Submissions Requested by Wednesday, March 7, 2018**

*We need your input!*

To properly identify possible nominations for eligible census tracts, the West Virginia Department of Commerce is requesting proposals from city and county governments that can provide, at a minimum, the information found in the Opportunity Zone Proposal, here:

**Opportunity Zone Proposal**

Please note: You may propose tracts only from the list of eligible census tracts in the state. View eligible census tracts in West Virginia here:

**Census Tracts**

All submissions must have a letter of support on official county or city letterhead. If more than one census tract is submitted, tracts should be rank ordered by highest priority.

**Resources**

[OZP Webinar](#)

[U.S. Department of the Treasury](#)

[Economic Innovation Group, Opportunity Zones Fact Sheet](#)

Questions about the program may be directed to Wesley White at [Wesley.H.White@wv.gov](mailto:Wesley.H.White@wv.gov)

## **West Virginia joins new nationwide initiative to spur economic investment**

*Submit nominations for target areas by March 7*

Economic recoveries have a history of skipping America's low income and rural regions like West Virginia. A new program called Opportunity Zones is designed to change that.

Here's a basic overview of how it works:

- Part of the 2017 Tax Cuts and Jobs Act, the program gives each governor the authority to designate low-income areas in his or her state as "Opportunity Zones."
- The areas are eligible to receive private investments through Opportunity Funds.
- Businesses in the area get a much-needed infusion of capital.
- In return, the investors get tax incentives.

Of course, the details get more complicated. The rules for what makes an area eligible to be designated an Opportunity Zone are based on intricacies such as "low-income census tracts where the individual poverty rate is at least 20 percent or median family income is no greater than 80 percent of the area median." Governors can determine up to 25 percent of the total number of eligible areas to be designated as Opportunity Zones. And so on.

Under the direction of Governor Jim Justice, the West Virginia Department of Commerce will research to evaluate eligible census tracts. Commerce is inviting communities and counties to submit proposals with data that will figure into the recommendations on which areas to nominate. Additionally, Commerce is working with the Federal Reserve, Community Development Financial Institutions, local banks, investors and developers to identify potential projects that could be attractive to Opportunity Funds and investors.

### **Submit proposal by March 7 deadline**

To take part in this program, West Virginia needs to act fast. States must turn in Opportunity Zone nominations by March 21. That means West Virginia areas wanting to be an Opportunity Zone must submit their proposals online by Wednesday, March 7. Details about the Opportunity Zone program and the Public Proposal Application are available at [www.westvirginia.gov](http://www.westvirginia.gov).

Fund managers and investors submit letters of interest to the West Virginia Department of Commerce. Contact information and sample letters are available on the Opportunity Zone page of the [www.westvirginia.com](http://www.westvirginia.com) website.

*(Information on public meetings, educational presentations?)*

### **Tax deferred investment incentives**

Lower taxes are the incentive to invest in Opportunities Zones. Investors can defer taxes on capital gains from a qualified Opportunity Fund, the investment vehicle that will drive needed capital into the underserved Opportunity Zone.

Capital gains are what you have when you sell something for more than you paid to get it. The shorter the time you keep your investment, the bigger the tax bite on the capital gain. The longer you hold on to the investment, the lower the tax.

**Put our money where our need is**

Census data shows that across the nation, poverty is higher and job creation lower in rural areas than in urban.

West Virginia is a mostly rural state. With your help, the Opportunity Zone program will direct investment dollars into our struggling communities where it's need it most.

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## **Zacchi, Catherine M**

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**Subject:** FW: revised blog  
**Attachments:** West Virginia Zone blog.docx

**From:** Zacchi, Catherine M  
**Sent:** Monday, February 26, 2018 11:56 AM  
**To:** Murphy, Jr., Hoy R <Hoy.R.Murphy@wv.gov>  
**Subject:** revised blog

Okay, it still has jargon but I hope the worst of that is in the paragraph that says the details are complicated.

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